

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

UNITED STATES OF AMERICA,

INDICTMENT

CR 13-164 PJS/LIB

Plaintiff,

18 U.S.C. § 286

18 U.S.C. § 287

v.

1. MARK ALLEN GARCIA, and

2. PATRICIA ANN MCQUARRY,

Defendants.

THE UNITED STATES GRAND JURY CHARGES THAT:

COUNT 1

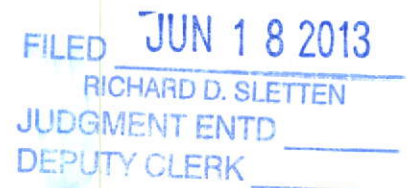
(Conspiracy to Defraud the United States)

1. At all times relevant to this Indictment, defendants MARK ALLEN GARCIA and PATRICIA ANN MCQUARRY were married and resided together in the State and District of Minnesota.

2. Beginning in or about July 2008, and continuing until in or about November 2009, in the State and District of Minnesota, the defendants,

**MARK ALLEN GARCIA and
PATRICIA ANN MCQUARRY,**

agreed, combined, and conspired to defraud the United States by obtaining and aiding to obtain the payment and allowance of false, fictitious, and fraudulent claims on behalf of themselves and each other by submitting false claims for income tax refund to the United States Department of Treasury through the Internal Revenue Service.



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PURPOSE OF THE CONSPIRACY

3. The purpose of the conspiracy was to obtain money from the United States through the Internal Revenue Service by filing false United States Individual Income Tax Returns for tax years 2007 and 2008 claiming refunds to which the conspirators were not entitled and, in one instance, obtaining a “Refund Transfer” of money from a financial institution based on the financial institution’s receipt of GARCIA’s refund from the Internal Revenue Service.

MANNER AND MEANS OF THE CONSPIRACY

4. For tax years 2007 and 2008, MARK ALLEN GARCIA and PATRICIA ANN MCQUARRY filed self-prepared United States Individual Income Tax Returns, using Forms 1040 or 1040A, as married filing separately. One of these tax returns attached false Forms 1099-OID. Each of the tax returns reflected false interest income on Schedule B or Schedule 1 and false amounts of federal withholding. As a result, each of the tax returns claimed refunds to which GARCIA and MCQUARRY knew they were not entitled.

5. False Forms 1099-OID. In connection with her return for tax year 2007, defendant MCQUARRY submitted false Forms 1099-OID, which stated that MCQUARRY had received over \$127,000 in original issue discount (“OID”) income from several financial institutions. Each of the false Forms 1099-OID also stated that the entire amount of the OID income had been withheld and paid over to the Internal Revenue Service. As MCQUARRY well knew, all of the Forms 1099-OID were false in that none of the listed financial institutions paid MCQUARRY any OID income,

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withheld any OID income, or filed Forms 1099-OID on MCQUARRY's behalf. By creating false withholding in the total amount of her claimed OID income, MCQUARRY manufactured a large federal refund amount for tax year 2007.

6. False Interest Income. For tax years 2007 and 2008, both defendants included false interest income, purportedly from financial institutions, on Schedule B or Schedule 1 of their tax returns. Each tax return also listed a false withholding amount corresponding to the total amount of interest income listed on the Schedule B or Schedule 1. As the defendants well knew, the listed interest income was false in that only one of the listed financial institutions paid the defendants any interest income, and the listed withholding amounts were false in that they overstated the defendants' withholding for tax years 2007 and 2008. By creating false withholding in the total amount of their claimed interest income, defendants GARCIA and MCQUARRY manufactured large federal refund amounts for tax years 2007 and 2008.

7. As part of the conspiracy, the defendants prepared and presented to the Internal Revenue Service the following false United States Individual Income Tax Returns, among others:

Taxpayer	Tax Year	Date Filed	False Federal Refund Claimed
Mark A. Garcia	2007	July 1, 2008	\$226,157
Patricia A. McQuarry	2007	December 4, 2008	\$97,624
Mark A. Garcia	2008	February 10, 2009	\$159,454
Patricia A. McQuarry	2008	April 14, 2009	\$28,498

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8. In connection with his return for tax year 2007, defendant GARCIA obtained a “Refund Transfer” from Santa Barbara Bank and Trust. GARCIA filed his return for tax year 2007 through Turbo Tax. The Internal Revenue Service disbursed GARCIA’s federal tax refund, which GARCIA knew was false, to the Santa Barbara Bank and Trust, which deducted electronic filing and processing fees and transferred the remainder of the false federal tax refund to GARCIA’s bank account. GARCIA transferred a portion of the cash obtained from the “Refund Transfer” to defendant MCQUARRY.

FALSE CLAIMS

9. As a result of the defendants’ conspiracy, over \$500,000 of false claims were made to the Internal Revenue Service.

All in violation of Title 18, United States Code, Section 286.

COUNTS 2-3

(Making False, Fictitious, or Fraudulent Claims)

10. Paragraphs 1 through 9 are hereby re-alleged and incorporated by reference.

11. On or about the dates specified below for each count, in the State and District of Minnesota, the defendant,

MARK ALLEN GARCIA,

made and presented to the Internal Revenue Service, an agency of the United States Department of the Treasury, claims against the United States for the payment of refunds of taxes in the amounts specified below, which he knew to be false, fictitious, and fraudulent, by preparing and causing to be prepared, and presenting and causing to be

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presented to said agency, United States Individual Income Tax Returns, Forms 1040, which requested a refund to which the defendant knew he was not entitled:

Count	Tax Year	Date Filed	False Federal Refund Claimed
2	2007	July 1, 2008	\$226,157
3	2008	February 10, 2009	\$159,454

All in violation of Title 18, United States Code, Section 287.

COUNTS 4-5

(Making False, Fictitious, or Fraudulent Claims)

12. Paragraphs 1 through 9 are hereby re-alleged and incorporated by reference.

13. On or about the dates specified below for each count, in the State and District of Minnesota, the defendant,

PATRICIA ANN MCQUARRY,

made and presented to the Internal Revenue Service, an agency of the United States Department of the Treasury, claims against the United States for the payment of refunds of taxes in the amounts specified below, which she knew to be false, fictitious, and fraudulent, by preparing and causing to be prepared, and presenting and causing to be presented to said agency, United States Individual Income Tax Returns, Forms 1040 and 1040A, which requested a refund to which the defendant knew she was not entitled:

Count	Tax Year	Date Filed	False Federal Refund Claimed
4	2007	December 4, 2008	\$97,624
5	2008	April 14, 2009	\$28,498

All in violation of Title 18, United States Code, Section 287.

A TRUE BILL

UNITED STATES ATTORNEY

FOREPERSON